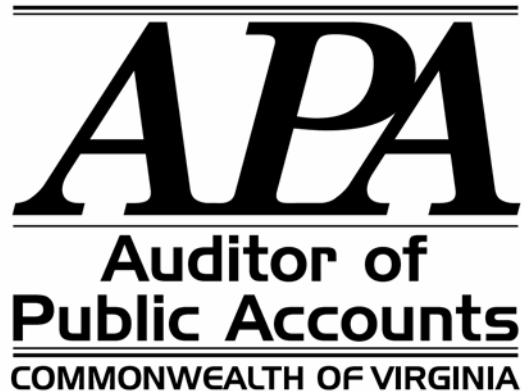


OLD DOMINION UNIVERSITY

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2005**



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Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

January 5, 2006

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
And Review Commission

Dr. Roseann Runte
President, Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Old Dominion University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1, for the year ended June 30, 2005. The University's management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audits of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audits of the University's financial statements.

2. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
3. The University provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the intercollegiate athletics programs.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. The Intercollegiate Athletics Department prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. We requested any additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations and we were informed that the affiliated organizations had no reported internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2005, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and review of actual amounts expended in comparison to budgeted amounts.

Revenues

9. We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
10. Intercollegiate Athletics Department management provided us with a reconciliation of tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We reviewed these reconciliations for selected games, found such reconciliations to be accurate, and agreed to amounts recorded as ticket revenue for those games.

11. We compared the Intercollegiate Athletics Department's share of student fees as reported in the Schedule to amounts reported in the accounting records and budgeted and allocated amounts. We found these amounts to be reasonable.
12. The Intercollegiate Athletics Department had no revenue from settlements or game guarantees for away games during the reporting period.
13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods, or services received directly by the Intercollegiate Athletics Department from any affiliated or outside organization, agency, or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. We vouched each individual contribution received directly by the University for its Intercollegiate Athletics Programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Old Dominion University Intercollegiate Foundation, an affiliated organization, we noted no individual contribution, which constituted more than ten percent of total contributions, received for intercollegiate athletics.
14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. Based on an analytical review of the amounts reported in the Schedule, we considered the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, and Internet rights. Based on an analytical review of the amounts reported in the Schedule, we considered the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. We selected and tested receipts of such revenue and, for those items; we inspected the agreements and verified the mathematical accuracy and coding of the payment amounts. We found that revenue was properly computed, recorded, and reported.
17. We obtained an understanding of the University's methodology for recording revenues from sport camps. Based on an analytical review of the amounts reported in the Schedule, we considered the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
18. We obtained an understanding of the University's methodology for collecting, depositing, and reporting other revenue amounts. Based on an analytical review of the amounts reported in the Schedule, we considered the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.

Expenses

19. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
20. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
21. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. We reviewed these settlement reports, guarantee agreements for selected games, and verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals and compared amounts paid for one pay period or a bonus payment from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
23. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. We obtained an understanding of the University's methodology for allocating administrative and facilities support expenses and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
25. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the intercollegiate athletics program. These disbursements were for supplies, equipment, travel, and other general expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression on an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of Old Dominion University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University, is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

JHS:sks
sks: 48

SCHEDULE

OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2005

	Men's Basketball	Women's Basketball
Operating revenues:		
Ticket sales	\$ 518,420	\$ 250,163
Student fees	-	-
Contributions	51,182	45,912
Direct state or other government support	-	-
NCAA/conference distributions including all tournament revenue	34,602	25,122
Broadcast, television, radio and internet rights	128,700	128,700
Program sales, concession, novelty sales, and parking	-	-
Royalties, advertisements, and sponsorships	-	-
Sports camp revenues	38,197	28,308
Endowment and investment income	-	-
Other	-	-
Total operating revenues	771,101	478,205
Operating expenses:		
Athletics student aid	303,182	374,902
Guarantees	72,000	14,050
Coaching salaries, benefits, and bonuses paid by the University and related entities	496,606	504,225
Support staff administrative salaries, benefits, and bonuses paid by the University and related entities	25,870	32,241
Recruiting	74,868	64,131
Team travel	110,228	95,761
Equipment, uniforms, and supplies	19,253	24,596
Game expenses	206,986	162,379
Fund raising, marketing, and promotion	-	-
Sport camp expenses	23,020	5,171
Direct facilities, maintenance, and rental	8,246	505
Spirit groups	-	-
Medical expenses and medical insurance	1,302	955
Membership and dues	-	-
Other operating expenses	77,323	76,503
Total operating expenses	1,418,884	1,355,419
Excess/(Deficiency) of Revenues Over/(Under) Expenses	\$ (647,783)	\$ (877,214)

The accompanying Notes to Schedule of Revenues and Expenses of Intercollegiate Athletic Programs are an integral part of this Schedule.

		Non-Program	
Other Sports	Specific	Total	
\$ 15,580	\$ 2,586	\$ 786,749	
-	9,746,495	9,746,495	
161,746	299,661	558,501	
-	1,193	1,193	
13,231	167,463	240,418	
-	-	257,400	
-	38,438	38,438	
-	90,778	90,778	
426,295	-	492,800	
-	42,324	42,324	
810	68,381	69,191	
617,662	10,457,319	12,324,287	
1,338,473	299	2,016,856	
6,602	-	92,652	
1,376,306	-	2,377,137	
-	1,902,248	1,960,359	
81,817	20,488	241,304	
355,411	26,621	588,021	
99,656	274,045	417,550	
55,177	-	424,542	
-	158,722	158,722	
119,804	38,461	186,456	
19,691	1,731,263	1,759,705	
-	31,741	31,741	
732	23,857	26,846	
2,113	62,168	64,281	
45,290	574,069	773,185	
3,501,072	4,843,982	11,119,357	
\$ (2,883,410)	\$ 5,613,337	\$ 1,204,930	

OLD DOMINION UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF

INTERCOLLEGIATE ATHLETICS PROGRAMS

AS OF JUNE 30, 2005

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2005. The Schedule also includes those intercollegiate athletics revenues and expenditures made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenditures directly identifiable with each category of sport presented are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$444,099 from the Old Dominion University Intercollegiate Foundation and \$14,068 the Old Dominion University Educational and Real Estate Foundation. Approximately \$374,486 of these funds was for scholarships for student-athletes. The amount received is included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, equipment, and infrastructure assets such as campus lighting. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years including assets acquired under the Higher Education Trust Fund. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements are capitalized (construction-in-progress) as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

	<u>Years</u>
Buildings	5-50
Other improvements and infrastructure	15-30
Equipment	2-25

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2005 is presented as follows:

	<u>Balance at June 30, 2005</u>
Nondepreciable capital assets:	
Construction-in-progress	<u>\$ 538,200</u>
Total nondepreciable capital assets	<u>538,200</u>
Depreciable capital assets:	
Buildings	31,557,388
Equipment	429,513
Improvements other than building	<u>713,221</u>
Total depreciable capital assets	<u>32,700,122</u>
Less Accumulated depreciation:	
Buildings	18,537,705
Equipment	315,254
Improvements other than building	<u>598,554</u>
Total accumulated depreciation	<u>19,451,513</u>
Depreciable capital assets, net	<u>13,248,609</u>
Total capital assets, net	<u>\$13,786,809</u>

4. LONG-TERM DEBT

Long-term debt relating to Athletics:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance at June 30, 2005</u>
Notes payable:			
Recreation, Series 1997A	4.50% - 5.00%	2018	\$ 1,410,000
Recreation, Series 1999A	4.75% - 5.50%	2010	205,000
Recreation, Series 2000A	5.00% - 5.75%	2021	5,135,000
Recreation, Series 2001A	3.00% - 5.00%	2022	22,185,000
Recreation, Series 2004B	3.00% - 5.00%	2017	5,210,000
Recreation, Series 2004B	3.00% - 5.00%	2020	<u>680,000</u>
Total Convocation Center			<u>\$34,825,000</u>
Percent used by Athletics			<u>17%</u>
Portion of Convocation Center			5,920,250
Athletic Fac. Exp., Series 2004A	3.00% - 5.00%	2025	2,275,000
Indoor tennis court, Series 2004A	3.00% - 5.00%	2025	<u>1,420,000</u>
Total notes payable			<u>9,615,250</u>
Revenue bonds:			
Recreation, Series 2003A	2.50% - 5.50%	2010	<u>2,207,278</u>
Total			<u>\$11,822,528</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2006	\$ 774,977	\$ 547,916
2007	819,672	513,538
2008	851,841	476,878
2009	881,271	437,852
2010	922,017	396,072
2011-2015	2,535,050	1,524,258
2016-2020	3,048,500	852,390
2021-2025	<u>1,989,200</u>	<u>189,254</u>
Total	<u>\$11,822,528</u>	<u>\$4,398,158</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2005, the overhead rate charged to athletics and other auxiliary enterprise was 10.68 percent. This amount is included in Direct Facilities, Maintenance, and Rental expenses, in the Non-Program Specific category.

OLD DOMINION UNIVERSITY

BOARD OF VISITORS

James A. Hixon, Rector

Frank Batten, Jr.	Ross A. Mugler
Robert O. Copeland	Scott D. Pattison
Kendra M. Croshaw	William E. Russell
David W. Faeder	Moody E. Stallings, Jr.
Harold W. Gehman, Jr.	Mark E. Strome
Mary C. Haddad	Katherine A. Treherne
Conrad M. Hall	Pat Tsao
Marc Jacobson	Patricia M. Woolsey

Naaila S. Gray, Student Representative

OFFICIALS

Roseann Runte, President

Robert L. Fenning, Vice President for Administration and Finance

James Jarrett, Athletic Director

